



PRO REAL ESTATE INVESTMENT TRUST

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2020**

November 10, 2020

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2 Gurdwara, Ottawa, Ontario

Dear fellow Unitholders,

The COVID-19 pandemic and consequent economic volatility have unfortunately occupied centerstage over the past few months. On behalf of our unitholders, we are therefore pleased to report the results achieved during this demanding period, including our performance across key metrics for the third quarter, both from a financial and an operational standpoint. As a responsible corporate citizen, we also certainly felt the responsibility to direct best efforts to protect the health and safety of our tenants, our employees and also of other stakeholders.

Sound fundamentals

We believe our outstanding rent collection results achieved during the pandemic have confirmed the soundness of our diversification strategy, which benefits from exposure to performing markets and a strong tenant mix. With 99.2% of rent collected in the third quarter and 99.6% of rent collected for the first month of the fourth quarter, the resilience of our portfolio and the stability of our cash flows have been confirmed.

Our occupancy rate remained solid at 98.1% at quarter-end. Over 86% of our base rent comes from national and government tenancies. Our retail segment continued to perform strongly, as approximately 70% of our retail base rent comes from properties providing essential services and products typically anchored by grocery stores and pharmacies.

While managing our business prudently, we strove to focus on maintaining our solid tenant relationships and providing support to smaller tenants negatively impacted by the pandemic, on a case by case basis. At September 30, 2020, granted rent deferrals amounted to \$0.7 million, to be repaid by tenants within the coming 12 months. To date the agreed amounts are being successfully collected. For the third quarter, a \$0.3 million provision was recorded in relation to COVID-19 bad debt provisions, CECRA participation and rent abatements.

Robust third quarter results

Amidst ongoing market volatility, we delivered strong results for the third quarter of 2020, as outlined below. Underpinned by solid operational fundamentals, we achieved increases in property revenue, net operating income and adjusted funds from operations as well as a significant improvement in our AFFO payout ratio ⁽¹⁾.

To date we have renewed 92.5% of leases maturing in 2020 at an average 4% year one rent increase, largely driven by certain significant industrial renewals. Our liquidity position remains solid with over \$10 million of cash and credit available at November 10, 2020. In addition, we are in current negotiations for further sources of funds that we expect to successfully conclude in the fourth quarter of 2020.

While no acquisitions were made during the third quarter, we sold a free-standing retail property in Saint John, New Brunswick on September 28, 2020, for gross proceeds of \$5.1 million, in excess of the property's IFRS carrying value. Our portfolio remains well-diversified with commercial mixed-use and industrial exposure at 49%, and the Ontario, Quebec and Maritime markets accounting for over 85% of our portfolio.

During the quarter, we updated independent external appraisals for 36 of our properties, resulting in a fair market value expense this quarter of approximately \$3.1 million. For the nine month period ended September 30, 2020, a total of 56 independent external appraisal updates have been completed resulting fair market value expense of \$5.4 million.

Confident about the future

Although still in the midst of the pandemic, economic activity has started to show encouraging signs. The resilience of both our business model and our people has been put to the test, but I am proud of all that has been accomplished during the quarter. Our employees and tenants deserve a heartfelt thank you for how well they adapted to the many challenges faced.

⁽¹⁾ Non-IFRS measure. See "Non-IFRS and Operational Key Performance Indicators"

MANAGEMENT'S DISCUSSION AND ANALYSIS

While managing our business prudently, we will continue to focus on our strategic priorities and on maintaining our solid tenant relationships. With interest rates expected to remain at historical lows over the next few years, we also intend to leverage this low-rate environment opportunity to fully optimize our debt profile.

In closing, I also wish to thank fellow members of the Board of Trustees and again, all my colleagues, for their continued support during this volatile period. I have confidence in the future and in our ability to take advantage of opportunities as economic activity resumes, to the benefit of all unitholders.

Sincerely,

(signed) James W. Beckerleg
President and Chief Executive Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS

PART I

FINANCIAL AND OPERATIONAL HIGHLIGHTS

	September 30 2020	September 30 2019		
Operational data				
Number of properties	92	91		
Gross leasable area (square feet) ("GLA")	4,571,311	4,396,004		
Occupancy rate ⁽¹⁾	98.1%	98.2%		
Weighted average lease term to maturity (years)	5.2	5.6		
	3 Months Ended September 30 2020	3 Months Ended September 30 2019	9 Months Ended September 30 2020	9 Months Ended September 30 2019
<i>(CAD \$ thousands except unit, per unit amounts and unless otherwise stated)</i>				
Financial data				
Property revenue	\$ 17,302	\$ 13,241	\$ 52,221	\$ 40,312
Net operating income (NOI) ⁽²⁾	\$ 10,399	\$ 8,525	\$ 30,527	\$ 25,431
Total assets	\$ 634,079	\$ 628,604	\$ 634,079	\$ 628,604
Debt to Gross Book Value ⁽²⁾	58.72%	56.72%	58.72%	56.72%
Interest Coverage Ratio ⁽²⁾	2.8x	2.8x	2.7x	2.7x
Debt Service Coverage Ratio ⁽²⁾	1.6x	1.7x	1.6x	1.7x
Weighted average interest rate on mortgage debt	3.73%	3.74%	3.73%	3.74%
Net cash flows provided from operating activities	\$ 8,936	\$ 5,339	\$ 13,137	\$ 9,498
Funds from Operations (FFO) ⁽²⁾	\$ 5,527	\$ 4,410	\$ 16,119	\$ 10,279
Basic FFO per unit ⁽²⁾⁽³⁾	\$ 0.1381	\$ 0.1234	\$ 0.4031	\$ 0.3126
Diluted FFO per unit ⁽²⁾⁽³⁾	\$ 0.1349	\$ 0.1205	\$ 0.3943	\$ 0.3050
Adjusted Funds from Operations (AFFO) ⁽²⁾	\$ 5,863	\$ 5,070	\$ 17,070	\$ 14,747
Basic AFFO per unit ⁽²⁾⁽³⁾	\$ 0.1465	\$ 0.1419	\$ 0.4269	\$ 0.4485
Diluted AFFO per unit ⁽²⁾⁽³⁾	\$ 0.1431	\$ 0.1386	\$ 0.4176	\$ 0.4376
AFFO Payout Ratio – Basic ⁽²⁾	76.8%	111.0%	89.6%	105.4%
AFFO Payout Ratio – Diluted ⁽²⁾	78.6%	113.6%	91.6%	108.0%

⁽¹⁾ Occupancy rate includes lease contracts for future occupancy of currently vacant space. Management believes the inclusion of this committed space provides a more balance reporting. The committed space at September 30, 2020 was approximately 43,203 square feet of GLA (30,327 square feet of GLA at September 30, 2019).

⁽²⁾ Non-IFRS measure. See "Non-IFRS and Operational Key Performance Indicators".

⁽³⁾ Total basic units consist of Units (as defined herein) and Class B LP Units (as defined herein). Total diluted units also includes deferred trust units and restricted trust units issued under the REIT's long-term incentive plan.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management discussion and analysis ("MD&A") sets out PRO Real Estate Investment Trust's (the "REIT") operating strategies, risk profile considerations, business outlook and analysis of its financial performance and condition for the three and nine month periods ended September 30, 2020 and 2019. This MD&A is based on financial statements prepared in accordance with International Accounting Standards 34: Interim Financial Reporting as issued by the International Accounting Standards Board.

This MD&A should be read in conjunction with the REIT's condensed consolidated interim financial statements and accompanying notes for the three and nine month periods ended September 30, 2020 and 2019 (the "Q3 2020 Financial Statements"), the REIT's audited consolidated financial statements and accompanying notes for the years ended December 31, 2019 and 2018 (the "2019 Annual Financial Statements") and management's discussion and analysis thereon (the "2019 Annual MD&A"), and the REIT's annual information form for the year ended December 31, 2019 (the "2019 Annual Information Form" and together with the 2019 Annual Financial Statements and 2019 Annual MD&A, the "2019 Annual Reports"). These documents and additional information regarding the business of the REIT are available under the REIT's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

The REIT's reporting currency is the Canadian dollar ("CAD"). All amounts except unit, per unit and square footage amounts and as otherwise stated, are in thousands of CAD and have been rounded to the nearest CAD thousand. Unless otherwise stated, in preparing this MD&A, the REIT has considered information available to it up to November 10, 2020, the date the REIT's board of trustees (the "Board") approved this MD&A and the Q3 2020 Financial Statements.

On May 7, 2019, the REIT commenced trading on the Toronto Stock Exchange (the "TSX") under the symbol "PRV.UN" at which time the trust units of the REIT ("Units") were delisted from, and ceased trading on, the TSX Venture Exchange (the "TSXV"). In connection with the TSX listing, the Units and the special voting units of the REIT ("Special Voting Units", and collectively with the Units, the "Voting Units") were consolidated on the basis of one (1) post-consolidation Voting Unit for three (3) pre-consolidation Voting Units and the Class B limited partnership units ("Class B LP Units") of PRO REIT Limited Partnership ("PRLP") and the units under the REIT's long term incentive plan were concurrently consolidated on the basis of the same consolidation ratio (the "Consolidation"). The Consolidation was implemented after the close of markets on May 6, 2019. The number of Voting Units, Class B LP Units and units under the long-term incentive plan have all been proportionately adjusted within this MD&A for all periods presented to reflect the Consolidation.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable securities legislation, including statements relating to certain expectations, projections, growth plans and other information related to REIT's business strategy and future plans. Forward-looking statements can, but may not always, be identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "would", "should", "believe", "objective", "ongoing", "imply", "assumes", "goal", "likely" and similar references to future periods or the negatives of these words and expressions and by the fact that these statements do not relate strictly to historical or current matters. These forward-looking statements are based on management's current expectations and are subject to a number of risks, uncertainties, and assumptions, including market and economic conditions, business prospects or opportunities, future plans and strategies, projections and anticipated events and trends that affect the REIT and its industry. Although the REIT and management believe that the expectations reflected in such forward-looking statements are reasonable and are based on reasonable assumptions and estimates as of the date hereof, there can be no assurance that these assumptions or estimates are accurate or that any of these expectations will prove accurate. Forward-looking statements are inherently subject to significant business, economic and competitive risks, uncertainties and contingencies that could cause actual events to differ materially from those expressed or implied in such statements.

Some of the specific forward-looking statements in this MD&A include, but are not limited to, statements with respect to the following:

- the intention of the REIT to distribute a portion of its available cash to securityholders and the amount of such distributions;
- the ability of the REIT to execute its growth strategies;
- the expected tax treatment of the REIT's distributions to unitholders;
- the REIT's capital expenditure requirements for its properties;
- the ability of the REIT to qualify for the exclusion from the definition of "SIFT trust" in the Income Tax Act (Canada) (the "Tax Act");
- the expected occupancy and the performance of the REIT's properties; and
- the debt maturity profile of the REIT.

Actual results and developments are likely to differ, and may differ materially, from those anticipated by the REIT and expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions and risks which may prove to be incorrect. Important assumptions relating to the forward-looking statements contained in this MD&A include assumptions concerning the REIT's future growth potential, expected capital expenditures, competitive conditions, results of operations, future prospects and opportunities, industry trends remaining unchanged, future levels of indebtedness, the tax laws as currently in effect remaining unchanged and the economic conditions.

Many factors could cause the REIT's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, without limitation, risks and uncertainties relating to: real property ownership; diversification risk; dependence on key personnel; fixed costs; financing risks and leverage; liquidity of real property investments; current global capital market conditions; public health crises (including the duration and impact of the COVID-19 pandemic on the business, operations and financial condition of the REIT); acquisition and development; potential conflicts of interest; competition; geographic concentration; general uninsured losses; access to capital; interest rate exposure; environmental matters; litigation risk; potential undisclosed liabilities; internal controls; security of information technology; indexation for inflation and duration of lease contracts; limit on activities; insurance renewals; joint venture/partnership arrangements; foreclosure; appraisals; occupancy by tenants; lease renewals and rental increase; taxation matters; change of tax laws; ownership by securityholders; acquisition of future properties; volatile market price for units; cash distributions are not guaranteed; restrictions on redemptions; subordination of the units; nature of investment; unitholder liability; and dilution. These factors are not intended to represent a complete list of the factors that could affect the REIT; however, these factors, as well as those risk factors presented under the heading "Risk Factors" in the 2019 Annual Information Form, elsewhere in this MD&A and the 2019 Annual Reports and in other filings that the REIT has made and may make in the future with applicable securities authorities, should be considered carefully.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward-looking statements contained in this MD&A. These factors should be considered carefully and prospective investors should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this MD&A are based upon what management currently believes to be reasonable assumptions, the REIT cannot assure prospective investors that actual results, performance or achievements will be consistent with these forward-looking statements.

These forward-looking statements are made as of the date of this MD&A and the REIT does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by law. The REIT cannot assure investors that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Investors are cautioned that forward-looking statements are not guarantees of future performance and accordingly investors are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein.

NON-IFRS AND OPERATIONAL KEY PERFORMANCE INDICATORS

The following non-IFRS and operational key performance indicators are important measures used by management in evaluating the REIT's underlying operating performance and debt management. These measures are not defined by IFRS, do not have a standardized meaning, may not be comparable with similar measures presented by other income trusts or enterprises and should not be construed as alternatives to other financial measures determined in accordance with IFRS.

Net Operating Income ("NOI")

NOI is defined by the REIT as revenues from investment properties less property operating expenses such as taxes, utilities, property level general administrative costs, advertising, repairs and maintenance. NOI does not include charges for interest and other amortization. This non-IFRS measurement is an important measure used by the REIT in evaluating property operating performance. Refer to the table under "Part III – Results of Operations" and the table under "Part V – Summary of Quarterly Results" for the calculation of NOI.

Same Property NOI ("Same Property NOI")

Same Property NOI is a non-IFRS financial measure used by the REIT to assess the period over period performance of those properties owned by the REIT in both periods. In calculating Same Property NOI, NOI for the period is adjusted to remove the impact of straight-line rent revenue and tenant inducements amortized to revenue in order to highlight the 'cash impact' of contractual rent increases embedded in the underlying lease agreements. Same property performance is a meaningful measure of operating performance because it allows management to assess rent growth and leasing activity of its portfolio on a REIT property basis and the impact of capital investments. See "Part III – Results of Operations – Overall Analysis – Same Property NOI Analysis".

Funds from Operations ("FFO")

Management believes FFO is an important measure of the REIT's operating performance. This non-IFRS measurement is a commonly used measure of performance of real estate operations; however, it does not represent net income (loss) and comprehensive income (loss) nor cash generated from operating activities, as defined by IFRS, and is not necessarily indicative of cash available to fund the REIT's needs. The REIT calculates FFO in accordance with the *White Paper on FFO and AFFO for IFRS* (the "FFO and AFFO White Paper") issued in February 2019 by the Real Property Association of Canada ("Realpac"). Management believes that FFO provides an operating performance measure that, when compared period-over period, reflects the impact on operations of trends in occupancy levels, rental rates, operating costs and property taxes, acquisition activities and interest costs, and provides a perspective of the financial performance that is not immediately apparent from net income (loss) and comprehensive income (loss) determined in accordance with IFRS.

FFO has been reconciled to net income (loss) and comprehensive income (loss) in the table under "Part IV – Distributions and Adjusted Funds from Operations". FFO adds back to net income items that do not arise from operating activities, such as fair value adjustments. FFO, however, still includes non-cash revenues related to accounting for straight-line rent and makes no deduction for the recurring capital expenditures necessary to sustain the existing earnings stream.

Adjusted Funds from Operations ("AFFO")

The REIT does not calculate AFFO in accordance with the FFO and AFFO White Paper. AFFO is defined by the REIT as FFO of the REIT, subject to certain adjustments, including: (i) amortization of fair value mark-to-market adjustments on mortgages acquired, amortization of deferred financing costs, amortization of tenant incentives and leasing costs, straight-line adjustments to rent and compensation expense related to unit-based incentive plans; (ii) deducting normalized maintenance capital expenditures and normalized leasing costs, as determined by the REIT, and (iii) one time costs including transaction costs and debt settlement costs. Normalized leasing costs represent leasing costs paid and amortized over the new lease term. Other adjustments may be made to AFFO as determined by the trustees of the REIT in their discretion. Management believes AFFO is an important measure of the REIT's economic performance and is indicative of the REIT's ability to pay distributions. This non-IFRS measurement is commonly used for assessing real estate performance; however, it does not represent cash generated from operating activities, as defined by IFRS, and is not necessarily indicative of cash available to fund the REIT's needs. AFFO has been reconciled to net comprehensive income in the table under "Part IV – Distributions and Adjusted Funds from Operations" and to cash flow provided from operating activities in the table under "Part IV – Distributions and Adjusted Funds from Operations – Distributions".

Adjusted Cashflow from Operations ("ACFO")

ACFO is a non-IFRS financial measure developed by Realpac for use by the real estate industry as a sustainable economic cash flow metric. ACFO should not be considered as an alternative to cash generated from operating activities determined in accordance with IFRS. The REIT calculates its ACFO in accordance with Realpac's *White Paper on Adjusted Cashflow from Operations for IFRS* issued in February 2019 (the "Realpac White Paper on ACFO"). The purpose of this white paper is to provide guidance on the definition of ACFO to promote consistent disclosure amongst reporting issuers. The use of ACFO, combined with the required IFRS presentations, has been included for the purpose of improving the understanding of operating cash flow of the REIT. Management believes that ACFO is a sustainable economic cash flow metric that, when compared period-over period, reflects the impact on cash flow generated from operating activities after providing for net interest and other financing charges and operating capital requirements. ACFO has been reconciled to cash flow provided from operating activities in the table under "Part IV – Distributions and Adjusted Funds from Operations – Distributions".

AFFO Payout Ratio ("AFFO Payout Ratio")

The AFFO Payout Ratio is a non-IFRS measure of the sustainability of the REIT's distribution payout. The REIT uses this metric to provide transparency on performance and the overall management of the existing portfolio assets. Management considers the AFFO Payout Ratio the best measure of the REIT's distribution capacity. The AFFO Payout Ratio is calculated as distributions per unit divided by the AFFO per unit.

Gross Book Value ("Gross Book Value")

Gross Book Value is a non-IFRS measure defined in the REIT's Declaration of Trust (as defined herein) and is a measure of the REIT's asset base and financial position. Refer to the table under "Part IV – Capitalization and Debt Profile – Debt Ratios" for the calculation of Gross Book Value.

Debt to Gross Book Value ("Debt to Gross Book Value")

Debt to Gross Book Value is a non-IFRS measure and the REIT has adopted an indebtedness ratio guideline which management uses as a measure to evaluate its leverage and the strength of its equity position. Refer to the table under "Part IV – Capitalization and Debt Profile – Debt Ratios" for the calculation of Debt to Gross Book Value.

Adjusted EBITDA ("Adjusted EBITDA")

Adjusted EBITDA is a non-IFRS measure and is used by the REIT to monitor the REIT's ability to satisfy and service its debt and to monitor requirements imposed by the REIT's lenders. Specifically, Adjusted EBITDA is used to monitor the REIT's Interest Coverage Ratio and Debt Service Coverage Ratio, which the REIT uses to measure its debt profile and assess its ability to satisfy its obligations, including servicing its debt. Adjusted EBITDA represents earnings before interest, income taxes, depreciation and amortization, fair value gains (losses), while also excluding non-recurring items. Refer to the table under "Part IV – Capitalization and Debt Profile – Adjusted EBITDA" for the calculation of Adjusted EBITDA.

Interest Coverage Ratio ("Interest Coverage Ratio")

Management believes this non-IFRS measurement is an important measure in determining the REIT's ability to service the interest requirements of its outstanding debt. The REIT calculates its Interest Coverage Ratio by dividing Adjusted EBITDA by the REIT's interest obligations for the period. Management uses this ratio to measure and limit the REIT's leverage. Refer to the table under "Part IV – Capitalization and Debt Profile – Interest Coverage Ratio" for the calculation of the Interest Coverage Ratio.

Debt Service Coverage Ratio ("Debt Service Coverage Ratio")

The Debt Service Coverage Ratio is determined by the REIT as Adjusted EBITDA divided by the debt service requirements for the period, whereby the debt service requirements reflect principal repayments and interest expensed during the period. Payments related to prepayment penalties or payments upon discharge of a mortgage are excluded from the calculation. The Debt Service Coverage Ratio is a useful measure and is used by the REIT's management to monitor the REIT's ability to meet annual interest and principal payments. Refer to the table under "Part IV – Capitalization and Debt Profile – Debt Service Coverage Ratio" for the calculation of the Debt Service Coverage Ratio.

PART II

REIT OVERVIEW

The REIT is an unincorporated open ended real estate investment trust established pursuant to a declaration of trust dated February 7, 2013 and amended and restated on December 21, 2018 (as amended from time to time, the "Declaration of Trust") and was established under the laws of the Province of Ontario. On May 7, 2019, the Units commenced trading on the TSX under the symbol "PRV.UN" at which time the Units were delisted from, and ceased trading on, the TSXV. In connection with the TSX listing, the REIT implemented the Consolidation after the close of markets on May 6, 2019. The principal, registered and head office of the REIT is located at 2000 Mansfield Street, Suite 1000, Montréal, Quebec, H3A 2Z7.

The REIT owns a portfolio of Canadian commercial investment properties, comprised of retail, office, commercial mixed-use and industrial properties. At September 30, 2020, the REIT owned approximately 4.6 million square feet of GLA across Canada.

OBJECTIVES AND STRATEGIES

Objectives

The objectives of the REIT are to: (i) provide unitholders with stable and growing cash distributions from investments in real estate properties in Canada, on a tax efficient basis; (ii) expand the asset base of the REIT and enhance the value of the REIT's assets to maximize long-term Unit value; and (iii) increase the REIT's NOI and AFFO per Unit, through internal growth strategies and accretive acquisitions.

Strategy

To meet its objectives, the REIT has implemented the following key strategic elements:

Stable Cash Distributions

- **High-quality commercial real estate.** The REIT's portfolio is diversified by property type and geography across Canada. The majority of the properties are situated in prime locations within their respective markets, along major traffic arteries benefitting from high visibility and access. Management believes the quality and diversity of the portfolio will enable the REIT to attract new tenants and retain existing tenants.
- **Geographical focus on stable Eastern Canadian Markets, with careful growth in Western Canadian Markets.** The REIT targets property acquisitions in primary and secondary markets across Canada, with a particular focus on Quebec, Atlantic Canada, and Ontario in the East, and, selectively in Western Canada. Management believes that its strategy of focusing on stable markets in Eastern Canada and selective expansion in high growth markets in Western Canada will enable the REIT to assemble a portfolio underpinned by strong and consistently stable economic fundamentals, with exposure to organic growth opportunities.
- **High-quality tenants with long term leases.** The REIT has a diversified tenant profile reflecting an attractive mix of government, national, regional and local tenants as well as a diversified mix of tenants by industry. The REIT's portfolio lease maturities are well staggered into the future. Management of the REIT believes it has fostered strong relationships with its tenants, which management expects to be an important factor in the REIT's ability to attract tenants to new properties or replace leases as vacancies arise in the REIT's properties.

Enhance Value

- **Experienced management team and Board with a proven track record of value creation.** In aggregate, the REIT's executive officers and trustees have over 100 years of operating, acquisitions, and financing experience in the Canadian real estate industry. They have extensive relationships with a broad network of real estate industry owners and service professionals across Canada, and expect to leverage these relationships to source accretive high-quality acquisitions. Given the management team's experience in the Quebec, Atlantic Canada, Ontario and Western Canadian markets, it possesses a unique and valuable set of skills and relationships that can be leveraged to the benefit of the REIT.

- **Strategic relationship with Lotus Crux enhances geographical expertise, especially in Ontario and in Western Canada, and provides a pipeline for future acquisitions and investment opportunities.** The REIT is a party to a strategic investment agreement with Lotus Crux Acquisition LP ("Lotus Crux"), which management of the REIT believes will provide the REIT with enhanced coverage of major Canadian markets, especially in Western Canada, as well as access to Lotus Crux's network of relationships with real estate market participants in these markets, resulting in access to a pipeline of potential acquisition and investment opportunities not otherwise available to the REIT.

Expand the Asset Base

Internal Growth Strategies

The REIT's internal growth strategy includes the following:

- Nurturing existing tenant relationships, ensuring tenant retention and accommodating tenant growth.
- Increasing rental income and minimizing operating expenses through operating improvements and preventative maintenance programs.
- Pursuing expansion and redevelopment opportunities within the REIT's portfolio.

External Growth Strategies

The REIT's external growth strategy includes the following:

- Acquiring stable investment properties that are accretive to the REIT.
- Acquiring a broad range of commercial properties within its target markets to maximize diversification within its portfolio.
- Pursuing selective development and expansion opportunities within the REIT's portfolio.

SUMMARY OF SIGNIFICANT EVENTS

On March 16, 2020, the REIT announced the closing of its acquisition of a 100% interest in a 135,494 square foot light industrial property in Moncton, New Brunswick for \$8,360 before closing costs representing a going in capitalization rate of 6.8%. The building is 100% occupied by a national logistics company with a long-term lease that includes annual rent steps up until December 2032. The property includes an additional 6 acres of land that could be used for building expansion or other opportunities. The purchase price was financed by proceeds from a new \$5,750 7-year first mortgage at a rate of 2.64% per annum. The balance of the purchase price of \$2,610 was satisfied through a draw on available operating facilities that were previously paid down from a public offering of Units completed on August 16, 2019 for total gross proceeds of \$57,558.

The REIT announced on April 22, 2020 the revision of its monthly distributions to \$0.0375 per Unit or \$0.45 on annualized basis, starting with the April 2020 distribution. This revision to the REIT's monthly distributions, which were previously \$0.0525 per Unit, will allow for a reduction of the REIT's debt and for flexibility in allocating capital to the benefit of the unitholders

In addition, in response to the current stock market volatility caused by the COVID-19 pandemic, the REIT also announced on April 22, 2020, the suspension of its DRIP effective immediately. The DRIP will remain suspended until further notice and distributions of the REIT will be paid only in cash. Upon reinstatement of the DRIP, plan participants enrolled in the DRIP at the time of its suspension and who remain enrolled at the time of its reinstatement will automatically resume participation in the DRIP.

The REIT has a term loan with an alternative lender to finance acquisitions and fund deposits on future acquisitions. The alternative lender has without notice reduced the facility, from \$30,000 to \$9,000 in April 2020, which is now fully drawn. Although the REIT's current cash flow position does not require further cash from this source, the facility may be replaced with a new facility lender in the future.

On July 16, 2020, the REIT entered into a term loan in the amount of \$5,000. The term loan is interest bearing only at a rate of prime plus 325.0 basis points or bankers' acceptance rate plus 425.0 basis points. The term loan is secured by a pool of second charges on certain investment properties with a fair market value of approximately \$115,785 and matures March 16, 2021.

On September 28, 2020, the REIT sold a 9,647 square foot free standing retail property in Saint John, New Brunswick for gross proceeds of \$5,100 (excluding closing costs) which was marginally higher than its carrying value. The net proceeds were used to repay the first ranking mortgage on the property and the balance of \$1,300 was used to partially repay one of its term loans.

The REIT has supported its tenants that have been negatively impacted by the COVID-19 pandemic during the second and third quarter of 2020 by providing rent deferrals on a case by case basis as well as by participating in the Canada Emergency Commercial Rent Assistance program ("CECRA"). The CECRA program provides for federal rent subsidies to qualifying tenants of 50% of their rents for the period from April 1, 2020 to September 30, 2020 and requires respective landlords to "forgive" 25% of the rent otherwise payable for the subject months. Qualifying tenants are therefore required to fund only 25% of their rents for this period, with the expectation that those tenants that have been significantly impacted by the pandemic are permitted the opportunity to stabilize their respective businesses. The 25% of gross rent funded by the landlord ("CECRA Participation") is recorded as a bad debt expense in the condensed consolidated interim financial statements. As at September 30, 2020 the REIT has approximately \$673 of rent deferrals to be repaid by the tenants over various terms no longer than 12 months. For the three and nine month periods ended September 30, 2020, the REIT recorded \$280 and \$655 of COVID-19 related provisions including \$37 and \$115 of CECRA Participation respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS

On October 21, 2020, the REIT announced the following rent collection status:

	October 2020	September 2020	August 2020	July 2020
Gross rent collections, including government and other tenants who typically pay at the end of the month, based on historical collection cycles	99.6%	99.6%	99.5%	98.5%
Breakdown:				
Industrial tenants	100.0%	100.0%	100.0%	97.9%
Mixed-use commercial tenants	98.5%	98.5%	98.5%	100.0%
Office tenants	100.0%	100.0%	100.0%	100.0%
Retail tenants	99.9%	99.7%	99.6%	97.4%
Temporary rent deferral agreements under fixed repayment terms	0.0%	0.0%	0.0%	0.6%
Gross rent in arrears and discussions with the tenants are ongoing and managed on a case-by-case basis	0.4%	0.4%	0.5%	0.9%

The REIT's tenant mix is well diversified by industry sector. 86% of the portfolio base rent is from national and government tenants and the top ten tenants represent 36.7% of annual base rent. 70.9% of the base rent in the retail segment is from tenants providing necessary services to the public, including groceries, pharmacies, financial institutions, government offices and medical offices. The dynamic nature of the situation, which continues to evolve day-to-day, makes it difficult to determine how much rent will be withheld in the months ahead.

SUBSEQUENT EVENT

On October 21, 2020, the REIT announced a cash distribution of \$0.0375 per Unit for the month of October 2020. The distribution is payable on November 16, 2020 to unitholders of record as at October 30, 2020.

OUTLOOK

Throughout the ongoing COVID-19 global pandemic, the REIT has remained fully committed to ensuring the health and safety of its employees, tenants and the communities in which it owns properties.

The REIT has worked closely with its tenants during the pandemic and has offered rent deferrals and participation in CECRA to assist a small portion of eligible tenants which were evaluated on a case by case basis. The REIT continues to operate and manage its business prudently, while maintaining its long standing and strong relationships with its tenants.

The REIT will also continue to proactively adapt its strategy in reaction to the developing economic and social impacts of the pandemic and to mitigate any risks facing the business. While it is impossible to predict the extent or the duration of the impact of the COVID-19 pandemic, once the situation stabilizes, the REIT expects to be well positioned to leverage its strengths and resume its long-term growth strategy, including the acquisition of high-quality, low-risk real estate in favourable secondary markets to the benefit of its unitholders.

PART III

RESULTS OF OPERATIONS

<i>(CAD \$ thousands)</i>	3 Months Ended September 30 2020	3 Months Ended September 30 2019	9 Months Ended September 30 2020	9 Months Ended September 30 2019
Property revenue	\$ 17,302	\$ 13,241	\$ 52,221	\$ 40,312
Property operating expenses	6,903	4,716	21,694	14,881
Net operating income (NOI) ⁽¹⁾	10,399	8,525	30,527	25,431
General and administrative expenses	854	623	2,430	1,720
Long-term incentive plan expense	789	662	(1,527)	2,329
Depreciation of property and equipment	66	65	207	137
Amortization of intangible assets	93	93	279	279
Interest and financing costs	3,829	3,094	11,505	9,644
Distributions - Class B LP Units	173	407	757	1,255
Fair value adjustment - Class B LP Units	585	155	(7,361)	4,081
Fair value adjustment - investment properties	5,012	(3,255)	10,271	(9,983)
Other income	(562)	(599)	(1,562)	(1,944)
Other expenses	269	370	869	1,180
Transaction costs	-	-	-	3,076
Net income (loss) and comprehensive income (loss)	\$ (709)	\$ 6,910	\$ 14,659	\$ 13,657

⁽¹⁾ See "Non-IFRS and Operational Key Performance Indicators".

Comparison of the Results from Operations

The REIT's results of operations for the three and nine month periods ended September 30, 2020 are not directly comparable to the three and nine month periods ended September 30, 2019, given the REIT's consistent growth primarily through acquisitions period over period. The REIT owned 92 investment properties at September 30, 2020, compared to 91 properties it owned at September 30, 2019. The REIT acquired 7 of the 91 investment properties it owned in 2019 in September 2019 therefore these properties marginally impacted the REIT's results of operations for the three and nine month periods ended September 30, 2019. Furthermore, the REIT acquired 2 investment properties in the twelve month period ended September 30, 2020. Notwithstanding the foregoing, year-over-year figures for the three and nine month periods ended September 30, 2020 and 2019 are presented in this MD&A. The principal reason for the variances between the financial figures presented in such year-over-year periods is the net increase in the number of properties and their respective results of operations during such comparative periods.

Overall Analysis

Property Revenue

Property revenue includes rents from tenants under lease agreement, straight-line rent, percentage rents, property taxes and operating cost recoveries and other incidental income.

For the three and nine month periods ended September 30, 2020, property revenue increased by \$4,061 and \$11,909 respectively, compared to the same periods in 2019. The increase is principally due to the incremental revenues from the acquisition of 7 investment properties in September 2019 and the 2 investment properties acquired in the twelve month period ended September 30, 2020.

Property Operating Expenses

Property operating expenses are expenses directly related to real estate operations and are generally charged back to lessees as provided for in the contractual terms of the leases. Operating expenses include property taxes and public utilities, costs related to indoor and outdoor maintenance, heating, ventilation and air conditioning, elevators, insurance, janitorial services and management and operating fees. The amount of operating expenses that the REIT can recover from its lessees depends on the occupancy rate of the properties and the nature of the existing leases containing clauses regarding the recovery of expenses. The majority of the REIT's leases are net rental leases under which tenants are required to pay their share of the properties' operating expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine month periods ended September 30, 2020, property operating expense increased by \$2,187 and \$6,813 respectively, compared to the same periods in 2019. The increase is primarily driven by the incremental expenses from the acquisition of 7 investment properties in September 2019 and the 2 investment properties acquired in the twelve month period ended September 30, 2020.

Same Property NOI Analysis

Same Property NOI analysis includes properties that were owned for a full quarterly reporting in both current and comparative periods.

The following is the Same Property NOI excluding non-cash adjustments such as, but not limited to, straight-line rent and prior year operating expense adjustments flowing through the three and nine month periods ended September 30, 2020 and 2019:

<i>(CAD \$ thousands)</i>	3 Months Ended September 30 2020	3 Months Ended September 30 2019	9 Months Ended September 30 2020	9 Months Ended September 30 2019
Number of same properties	84	84	84	84
Property revenue	12,604	12,789	38,917	39,253
Property operating expenses	4,769	4,710	15,134	14,877
Same Property NOI ⁽¹⁾	\$ 7,835	\$ 8,079	\$ 23,783	\$ 24,376

⁽¹⁾ See "Non-IFRS and Operational Key Performance Indicators".

The decrease in the overall Same Property NOI for the three and nine month periods ended September 30, 2020 is attributed to COVID-19 related bad debt provisions, CECRA Participation, certain related rental abatements as well as the decrease in occupancy in the retail, office and commercial mixed use segments offset by certain contractual rent increases and higher rental rates on lease renewals compared to the same periods in 2019. Same property bad debt provisions, CECRA Participation and certain related rental abatements amounted to \$255 and \$555 for the three and nine month periods ended September 30, 2020.

Same Property NOI by asset class for the three and nine month periods ended September 30, 2020 and 2019:

<i>(CAD \$ thousands)</i>	3 Months Ended September 30 2020	3 Months Ended September 30 2019	9 Months Ended September 30 2020	9 Months Ended September 30 2019
Retail	\$ 3,361	\$ 3,647	\$ 10,216	\$ 10,852
Office	1,269	1,372	3,842	4,062
Commercial Mixed Use	810	874	2,538	2,623
Industrial	2,395	2,186	7,187	6,839
Same Property NOI ⁽¹⁾	\$ 7,835	\$ 8,079	\$ 23,783	\$ 24,376

⁽¹⁾ See "Non-IFRS and Operational Key Performance Indicators".

The decrease in retail Same Property NOI excluding CECRA Participation, bad debt provisions and certain related rental abatements in the amount of \$187 and \$437 for the three and nine month periods ended September 30, 2020 were \$100 and \$198 respectively. The decrease is a result of increased vacancy compared to the same periods in 2019. The REIT had 3,442 square feet of committed Same Property retail space at September 30, 2020 with a lease that commenced October 6, 2020.

The decrease in office Same Property NOI excluding CECRA Participation and bad debt provisions in the amount of \$Nil and \$21 for the three and nine month periods ended September 30, 2020 were \$102 and \$200 respectively. The decrease is a result of increased vacancy.

The change in commercial mixed use Same Property NOI excluding bad debt provision and certain related rental abatements in the amount of \$61 and \$90 for the three and nine month periods ended September 30, 2020 were a decrease of \$4 and increase of \$5 respectively. The commercial mixed use Same Property NOI excluding bad debt provision and certain related rental abatements was relatively stable for the three and nine month periods ended September 30, 2020.

The increase in Same Property NOI for the industrial segment for the three and nine month periods ended September 30, 2020 was driven by both the increase in occupancy and the contractual increases in rent and higher rental rates on lease renewals compared to the same periods in 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Same property average occupancy by asset class excluding any committed space:

	Same Properties 3 month period ended		Same Properties 9 month period ended	
	September 30		September 30	
	2020	2019	2020	2019
Retail	96.2%	97.6%	96.4%	97.4%
Office	91.4%	93.8%	92.3%	93.8%
Commercial Mixed Use	97.4%	97.2%	97.0%	97.1%
Industrial	99.6%	98.7%	99.3%	99.1%
Total	97.2%	97.6%	97.4%	97.7%

General and Administrative Expenses

General and administrative expenses include corporate expenses, office expenses, legal and professional fees, executive officers' salaries as of April 1, 2019, and other overhead expenses which are indirectly associated with the operation and leasing of investment properties.

On April 1, 2019 the REIT internalized its asset management function in accordance with the terms of a management agreement (the "Management Agreement") with the REIT's former external manager, Labec Realty Advisors Inc. (the "Manager"). The Manager is controlled by the President and Chief Executive Officer of the REIT, James W. Beckerleg, and the Executive Vice President, Chief Financial Officer and Secretary of the REIT, Gordon G. Lawlor. The internalization resulted in the termination of the Management Agreement and the elimination of the asset management and acquisition fees payable to the Manager thereunder. As a result of the internalization, the REIT's executive officers, James W. Beckerleg and Gordon G. Lawlor, are employed directly by the REIT since April 1, 2019.

General and administrative expenses for the three and nine month periods ended September 30, 2020 were \$854 and \$2,430 respectively, an increase of \$231 and \$710 over the same periods in 2019. The increase is due to an increase of certain expenses such as salary costs.

Long-Term Incentive Plan

Long-term incentive plan expense of \$789 and gain of \$1,527 during the three and nine month periods ended September 30, 2020 relates to deferred and restricted units which vest over a period of one to three years, and is a non-cash item.

Interest and Financing Costs

Interest and financing costs were \$3,829 and \$11,505 for the three and nine month periods ended September 30, 2020. The increase of \$735 and \$1,861 over the same periods in 2019 is due to the increase of debt related to the acquisition of 7 investment properties in September 2019 and the 2 investment properties acquired in the twelve month period ended September 30, 2020 offset by the decrease in weighted average interest rate on mortgage debt to 3.73% from 3.74%.

Distributions – Class B LP Units

The REIT currently pays monthly distributions of \$0.0375 per Class B LP Units or \$0.4500 per Class B LP units on an annualized basis. The REIT revised its monthly distributions to \$0.0375 per Unit commencing in April 2020 from \$0.0525 per Unit. Distributions on the Class B LP Units were \$173 and \$757 for the three and nine month periods ended September 30, 2020.

Fair Value Adjustment – Class B LP Units

A fair value expense of \$585 and gain of \$7,361 on the Class B LP Units was recorded for the three and nine month periods ended September 30, 2020 respectively, resulting from a change in the quoted market price of the REIT's publicly traded Units. This is a non-cash item.

Fair Value Adjustment – Investment Properties

The REIT has selected the fair value method to account for real estate classified as investment property and records investment properties at their purchase price including transaction costs (less any purchase price adjustments) in the quarter of acquisition. Any changes in the fair value of investment properties are recognized as fair value gains and losses in the statement of comprehensive income in the quarter in which they occur.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The fair value expense of \$5,012 and \$10,271 on investment properties for the three and nine month periods ended September 30, 2020, is due to changes in projected future cash flows, changes in capitalization rates and market rent assumptions on certain of the REIT's properties, fair value gains on certain acquisitions completed throughout the respective periods offset by certain non-recoverable expenditures and leasing costs incurred. During the third quarter ended September 30, 2020, the REIT obtained updated independent external appraisals for the internally reviewed properties in the second quarter of 2020 and obtained updated independent external appraisals for an additional 36 of its properties resulting in a fair market value expense of approximately \$3,121 and \$5,351 for the three and nine month periods ended September 30, 2020. A total of 56 independent external appraisals have been updated for nine month period ended September 30, 2020.

The duration and full scope of the economic impact of the COVID-19 pandemic is unknown at this time. Key valuation assumptions that could be impacted over the long term include: market rents, leasing costs, vacancy rates, discount rates and capitalization rates. The REIT will continue to monitor the effect of the economic environment on the valuation of its investment properties. If there are any changes in the critical and key assumptions used in valuing the investment properties, or in regional, national or international economic conditions, or new developments in the COVID-19 pandemic, the fair value of investment properties may change materially.

The REIT calculates fair value using both the discounted cash flow method and direct capitalization method which are generally accepted appraisal methodologies. Fair value is based on, among other things, assumptions of future cash flows in respect of current and future leases, capitalization rates, terminal capitalization rates, discount rates, market rents, tenant inducements and leasing cost assumptions and expected lease rollovers. Fair values are supported by a combination of internal financial information, market data and external independent valuations.

Other income and Other expenses

Pursuant to the acquisition of the assets of Compass Commercial Realty Limited ("Compass") on June 27, 2018, a property management firm headquartered in Halifax, Nova Scotia, the REIT records revenues generated as well as relevant expenses incurred ("other expenses") not related to the properties owned by the REIT in the condensed consolidated interim statement of income (loss) and comprehensive income (loss). Compass currently manages 84 of the REIT's properties.

SEGMENTED ANALYSIS

The REIT's segments include four classifications of investment properties – Retail, Office, Commercial Mixed Use and Industrial. All of the REIT's activities are located in one geographical segment – Canada. The accounting policies followed for each segment are the same as disclosed in the REIT's condensed consolidated interim financial statements. Operating performance is evaluated by the REIT's management primarily based on NOI. General and administrative expenses, depreciation and amortization, interest and financing costs are not allocated to operating segments. Segment assets include investment properties; segment liabilities include mortgages attributable to specific segments, but excludes the REIT's term loans, credit facility and their respective unamortized financing costs. Other assets and liabilities are not attributed to operating segments.

MANAGEMENT'S DISCUSSION AND ANALYSIS

<i>(CAD \$ thousands)</i>	Retail		Office		Commercial Mixed Use		Industrial		Total	
	\$	%	\$	%	\$	%	\$	%	\$	
3 Months Ended September 30, 2020										
Property revenue	5,131	29.7	3,101	17.9	4,147	24.0	4,923	28.5	17,302	
Net operating income (NOI) ⁽¹⁾	3,400	32.7	1,641	15.8	1,951	18.8	3,407	32.8	10,399	
3 Months Ended September 30, 2019										
Property revenue	5,357	40.5	2,814	21.3	1,601	12.1	3,469	26.2	13,241	
Net operating income (NOI) ⁽¹⁾	3,658	42.9	1,525	17.9	1,012	11.9	2,330	27.3	8,525	

<i>(CAD \$ thousands)</i>	Retail		Office		Commercial Mixed Use		Industrial		Total	
	\$	%	\$	%	\$	%	\$	%	\$	
Nine month period ended September 30, 2020										
Property revenue	16,079	30.8	9,460	18.1	11,860	22.7	14,822	28.4	52,221	
Net operating income (NOI) ⁽¹⁾	10,312	33.8	4,857	15.9	5,375	17.6	9,983	32.7	30,527	
Investment properties	200,025	32.5	98,815	16.1	110,780	18.0	206,045	33.5	615,665	
Mortgages payable	99,949	31.2	49,665	15.5	50,702	15.8	120,395	37.5	320,711	
Nine month period ended September 30, 2019										
Property revenue	16,532	41.0	8,246	20.5	4,804	11.9	10,730	26.6	40,312	
Net operating income (NOI) ⁽¹⁾	11,068	43.5	4,300	16.9	2,869	11.3	7,194	28.3	25,431	
Investment properties	213,779	35.1	99,580	16.3	110,200	18.1	186,081	30.5	609,640	
Mortgages payable	110,891	34.0	50,629	15.5	51,988	16.0	112,343	34.5	325,851	

⁽¹⁾ Non-IFRS measure. See "Non-IFRS and Operational Key Performance Indicators".

The main driver for the increase in revenues, NOI, fair values of investment properties and mortgages payables in the Retail, Office, Commercial Mixed Use and Industrial segments is primarily due to the acquisition of 7 investment properties in September 2019 and the 2 investment properties acquired in the twelve month period ended September 30, 2020.

As at September 30, 2020, the Retail segment consists of 48 properties (September 30, 2019 – 49 properties), having a total GLA of approximately 1,069,000 square feet (September 30, 2019 – ~1,084,000 square feet).

As at September 30, 2020, the Office segment consists of 10 properties (September 30, 2019 – 10 properties), having a total GLA of approximately 492,000 square feet (September 30, 2019 – ~487,000 square feet).

As at September 30, 2020, the Commercial Mixed Use segment consists of 8 properties (September 30, 2019 – 8 properties), having a total GLA of approximately 723,000 square feet (September 30, 2019 – ~723,000 square feet).

As at September 30, 2020, the Industrial segment consists of 26 properties (September 30, 2019 – 24 properties), having a total GLA of approximately 2,287,000 square feet (September 30, 2019 – ~2,102,000 square feet).

MANAGEMENT'S DISCUSSION AND ANALYSIS

PORTFOLIO PROFILE

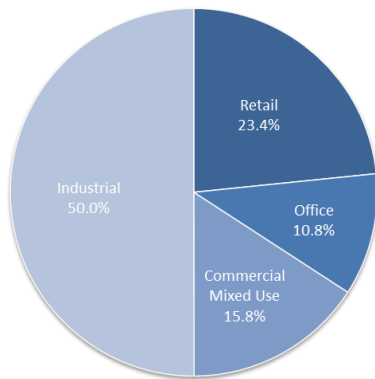
At September 30, 2020, the REIT's portfolio consisted of 92 properties, located in prime locations within their respective markets, representing a total GLA of 4,571,311 square feet. The increase of 175,307 square feet compared to September 30, 2019 is a result of the addition of 2 investment properties acquired in the twelve month period ended September 30, 2020 offset by the sale of one investment property on September 28, 2020.

(CAD \$ thousands unless otherwise stated)	9 Month Period Ended/ At September 30, 2020				9 Month Period Ended/ At September 30, 2019			
	# of Properties	Occupancy ⁽¹⁾	GLA (sq. ft.)	NOI ⁽²⁾	# of Properties	Occupancy ⁽¹⁾	GLA (sq. ft.)	NOI ⁽²⁾
Retail	48	96.7%	1,068,856	\$ 10,312	49	97.5%	1,083,983	\$ 11,068
Office	10	92.1%	492,446	4,857	10	94.5%	487,001	4,300
Commercial Mixed Use	8	98.4%	723,066	5,375	8	98.0%	723,066	2,869
Industrial	26	99.8%	2,286,943	9,983	24	99.4%	2,101,954	7,194
Total	92	98.1%	4,571,311	\$ 30,527	91	98.2%	4,396,004	\$ 25,431

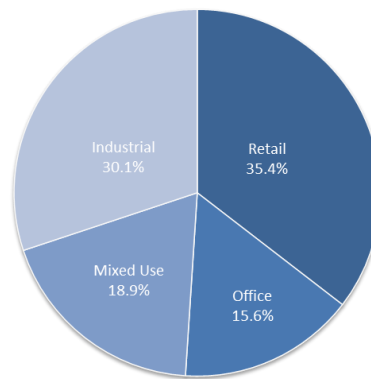
⁽¹⁾ Occupancy rate includes lease contracts for future occupancy of currently vacant space. Management believes the inclusion of this committed space provides a more balance reporting. The committed space at September 30, 2020 was approximately 43,203 square feet of GLA (30,327 square feet of GLA at September 30, 2019).

⁽²⁾ Non-IFRS measure. See "Non-IFRS and Operational Key Performance Indicators".

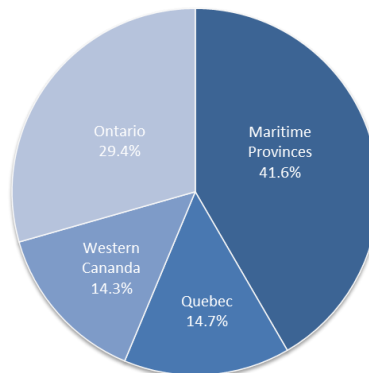
GLA by Asset Class September 30, 2020 ⁽¹⁾



Base Rent by Asset Class ⁽¹⁾



Base Rent by Region ⁽¹⁾



¹ Based on annualized in-place and committed base rent at September 30, 2020.

Top Ten Tenants

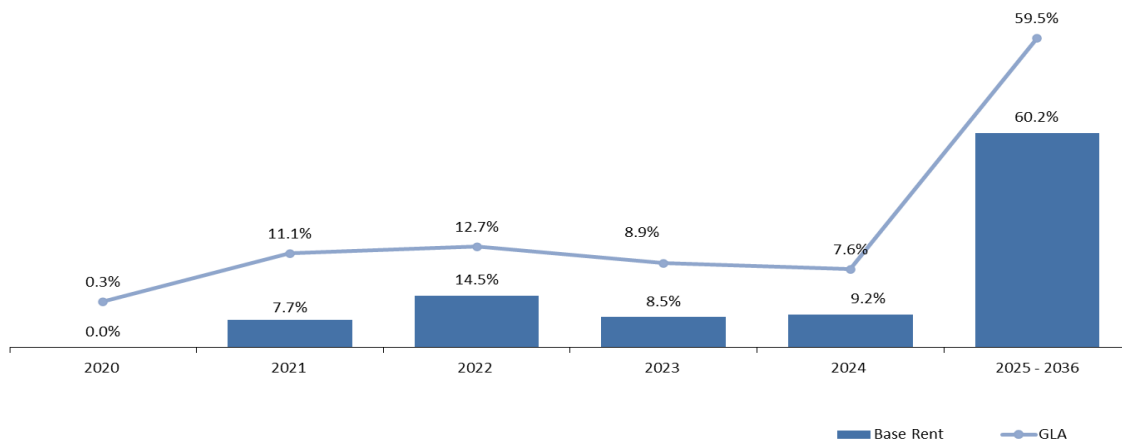
At September 30, 2020, the ten largest tenants in the REIT's portfolio accounted for approximately 36.7% on annualized in-place and committed base rent and comprise approximately 6.7 years of remaining average lease term.

Tenant	% in-Place Base Rent ⁽¹⁾	GLA (Sq. Ft.)	Remaining Average Lease Term (years)	Credit Rating ⁽²⁾
Rexall	6.2%	104,929	8.8	Baa2/BBB+/na
Sobeys	5.9%	222,491	6.9	na/BBB-/BBB-
DRS Technologies Canada	5.6%	127,334	4.3	Ba1/BB+/BBB-
Government of Canada	3.5%	81,611	3.9	Aaa/AAA/AA+
Ribbon Communications Canada	3.4%	98,057	9.3	na
Shoppers Drug Mart	3.4%	66,083	4.6	na/BBB/BBB
Versacold	3.3%	224,334	9.3	na
ArcelorMittal Tailored Blanks	2.1%	185,633	7.8	Ba1/BBB-/BB+
Barry Callebaut	1.7%	176,070	4.7	Baa3/BBB-/na
Lawtons Pharmacy	1.6%	40,901	6.0	na/BBB-/BBB-
Total	36.7%	1,327,443	6.7	

⁽¹⁾ Based on annualized in-place and committed base rent at September 30, 2020.

⁽²⁾ Source: Moody's, S&P, and DBRS. Credit rating assigned to tenant or its parent.

The REIT's diverse tenant base has a staggered lease maturity profile with no more than 14.5% of base rent maturing in any given period before 2025.



PART IV

LIQUIDITY AND CAPITAL RESOURCES

Cash flows from operating activities, available funding under the REIT's credit facility and cash on hand represent the primary sources of liquidity to fund distributions, debt service, capital expenditures, tenant inducements and leasing costs. The REIT's cash flow from operations is dependent upon the rental occupancy levels, the rental rates on its leases, the collectability of rent from its tenants, recoveries of operating costs and operating costs. Material changes in these factors may adversely affect the REIT's net cash flows from operating activities and liquidity (see "Risks and Uncertainties" section).

The REIT expects to be able to meet all of its obligations as they become due in the short-term and the long-term. The REIT expects to have sufficient liquidity as a result of cash on hand, cash flow from operating activities, operating facilities, the ability to refinance properties when required as well as the ability to raise equity in the capital markets when available.

MANAGEMENT'S DISCUSSION AND ANALYSIS

<i>(CAD \$ thousands)</i>	3 Months Ended September 30 2020	3 Months Ended September 30 2019	9 Months Ended September 30 2020	9 Months Ended September 30 2019
Cash provided from (used in):				
Operating activities	\$ 8,936	\$ 5,339	\$ 13,137	\$ 9,498
Financing activities	(11,625)	99,111	(6,731)	97,086
Investing activities	3,228	(102,568)	(8,356)	(105,830)
Change in cash during the period	539	1,882	(1,950)	754
Cash, beginning of period	2,813	2,988	5,302	4,116
Cash, end of period	\$ 3,352	\$ 4,870	\$ 3,352	\$ 4,870

Three Month Period Ended September 30, 2020

Cash flows from operating activities relate primarily to the collection of rent and payment of operating expenses. The cash provided by operating activities of \$8,936 for the three month period ended September 30, 2020 was impacted mainly by the timing of cash receipts and settlement of payables.

Cash used in financing activities during the three month period ended September 30, 2020 of \$11,625 is attributed to the increase in debt of \$5,000 offset by the repayment of debt of \$7,075, repayment of credit facility of \$5,000, distributions paid of \$4,329, and financing costs incurred of \$221.

Cash provided from investing activities of \$3,228 during the three month period ended September 30, 2020 consists of the additions of non-recoverable capital expenditures and leasing costs of \$1,673 and the additions to property and equipment of \$49 offset by the net proceeds of disposal of investment property of \$4,950.

Nine month period Ended September 30, 2020

Cash flows from operating activities relate primarily to the collection of rent and payment of operating expenses. The cash provided by operating activities of \$13,137 for the nine month period ended September 30, 2020 was impacted mainly by the timing of cash receipts and settlement of payables.

Cash used in financing activities during the nine month period ended September 30, 2020 of \$6,731 is attributed to the increase in debt of \$14,750, the increase in borrowings on the credit facility of \$9,500 offset by the repayment of debt of \$11,753, repayment of credit facility of \$5,000, distributions paid of \$13,671, the cancellation of Units - normal course issuer bid of \$41 and financing costs incurred of \$516.

Cash used in investing activities of \$8,356 during the nine month period ended September 30, 2020 primarily consists of the acquisition of an investment property of \$8,483, additions of non-recoverable capital expenditures and leasing costs of \$4,591 and the additions to property and equipment of \$232 offset by the net proceeds of disposal of investment property of \$4,950.

CAPITALIZATION AND DEBT PROFILE

<i>(CAD \$ thousands)</i>	September 30 2020
Mortgages payable (net of financing costs of \$2,149)	\$ 320,711
Term loans (net of financing costs of \$674)	13,825
Vendor take-back mortgage	750
Credit facility (net of financing costs of \$211)	34,789
Class B LP Units	7,214
Unitholders' Equity	240,967
Total Capitalization	\$ 618,256

The REIT has a revolving credit facility of \$45,000 which bears interest at prime plus 125.0 basis points or bankers' acceptance rate plus 225.0 basis points. The credit facility is secured by a pool of first and second charges on certain investment properties with a fair value of approximately \$90,925 at September 30, 2020. At September 30, 2020, advances under the revolving credit facility were \$35,000.

As at September 30, 2020, all mortgages payable were at fixed rates with a weighted average contractual rate of approximately 3.73% (December 31, 2019 - 3.74%). The mortgages payable are secured by first charges on certain investment properties with a fair value of approximately \$560,940 at September 30, 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The REIT also had three term loans at September 30, 2020.

The REIT's first term loan is to finance acquisitions and fund deposits on future acquisitions with a maximum available of \$9,000. The term loan is interest bearing only at a rate equal to the greater of 7.50% or the financial institution prime rate plus 3.55% per annum and matures February 2022. At September 30, 2020, advances under the term loan amounted to \$9,000. The term loan is secured by a pool of second and third charges on certain investment properties with a fair value of approximately \$66,725 at September 30, 2020.

The REIT's second term loan is in the amount of \$1,800 bearing interest only at 6.25% per annum with a January 2022 maturity date. This term loan is secured by a second charge on an investment property with a fair value of approximately \$7,500.

On July 16, 2020, the REIT entered into a third term loan in the amount of \$5,000. The term loan is interest bearing only at a rate of prime plus 325.0 basis points or bankers' acceptance rate plus 425.0 basis points. The term loan is secured by a pool of second charges on certain investment properties with a fair market value of approximately \$115,785 and matures March 16, 2021. At September 30, 2020, the advances under the term loan amounted to \$3,700.

The debt is repayable no later than 2033.

Contractual Obligations

The following table represents the REIT's contractual obligations at September 30, 2020:

(CAD \$ thousands)

Due within:	1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Later
Debt principal instalments	\$ 9,663	\$ 8,676	\$ 6,941	\$ 5,405	\$ 4,824	\$ 12,153
Debt principal maturities	10,133	51,167	61,494	49,165	12,783	105,705
Debt interest	12,675	10,773	8,275	5,595	4,606	9,423
Credit facility	35,000	-	-	-	-	-
Accounts payable and other liabilities	9,335	-	-	-	-	-
Rent	84	84	84	49	-	-
	\$ 76,890	\$ 70,700	\$ 76,794	\$ 60,214	\$ 22,213	\$ 127,281

The REIT expects to have sufficient liquidity as a result from cash flow from operating activities, operating facilities, the ability to refinance properties when required as well as the ability to raise equity in the capital markets when available to satisfy these obligations.

Debt Ratios

The REIT is free to determine the appropriate level of capital in context with its cash flow requirements, overall business risks and potential business opportunities. As a result, the REIT makes adjustments to its capital based on its investment strategies and changes to economic conditions.

The REIT's objective is to maintain a combination of short, medium and long-term debt maturities that are appropriate for the overall debt level of its portfolio, taking into account availability of financing and market conditions, and the financial characteristics of each property.

The REIT's other objectives when managing capital on a long-term basis include enhancing the value of the assets and maximizing unit value through the ongoing active management of the REIT's assets, expanding the asset base through acquisitions of additional properties and the re-development of projects which are leased to creditworthy tenants, and generating sufficient returns to provide unitholders with stable and growing cash distributions. The REIT's strategy is driven by policies as set out in the Declaration of Trust, as well as requirements from certain lenders.

The requirements of the REIT's operating policies as outlined in the Declaration of Trust include requirements that the REIT will not:

- (a) incur or assume indebtedness on properties in excess of 75% of the property's market value; and
- (b) incur or assume indebtedness which would cause the total indebtedness of the REIT to exceed 70% of Gross Book Value.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Gross Book Value is calculated as follows:

<i>(CAD \$ thousands unless otherwise stated)</i>	September 30 2020
Total assets, including investment properties stated at fair value	\$ 634,079
Accumulated depreciation on property and equipment and intangible assets	1,354
Gross Book Value ⁽¹⁾	635,433
Debt, excluding unamortized financing costs	338,109
Credit facility, excluding unamortized financing costs	35,000
Debt	\$ 373,109
Debt to Gross Book Value ⁽¹⁾	58.72%

⁽¹⁾ Non-IFRS measure. See "Non-IFRS and Operational Key Performance Indicators".

The REIT was in compliance with the above requirement as well as all required covenants as at September 30, 2020.

Financial Measures

In addition to the REIT's level of indebtedness calculated in accordance with the REIT's Declaration of Trust, management also monitors certain financial measures, which include the (i) Interest Coverage Ratio, and (ii) Debt Service Coverage Ratio. All of these measures are non-IFRS measures. See "Non-IFRS and Operational Key Performance Indicators".

Adjusted EBITDA

Adjusted EBITDA is used by the REIT to monitor the REIT's ability to satisfy and service its debt and to monitor requirements imposed by the REIT's lenders. Specifically, Adjusted EBITDA is used to monitor the REIT's Interest Coverage Ratio and Debt Service Ratio, which the REIT uses to measure its debt profile and assess its ability to satisfy its obligations, including servicing its debt.

The following is a calculation of Adjusted EBITDA for the three and nine month periods ended September 30, 2020 and 2019:

<i>(CAD \$ thousands)</i>	3 Months Ended September 30 2020	3 Months Ended September 30 2019	9 Months Ended September 30 2020	9 Months Ended September 30 2019
Net income (loss) and comprehensive income (loss)	\$ (709)	\$ 6,910	\$ 14,659	\$ 13,657
Interest and financing costs	3,829	3,094	11,505	9,644
Depreciation of property and equipment	66	65	207	137
Amortization of intangible assets	93	93	279	279
Fair value adjustment - Class B LP Units	585	155	(7,361)	4,081
Fair value adjustment - investment properties	5,012	(3,255)	10,271	(9,983)
Distributions – Class B LP Units	173	407	757	1,255
Straight-line rent	(218)	(86)	(604)	(468)
Long-term incentive plan expense	789	662	(1,527)	2,329
Transaction costs	-	-	-	3,076
Adjusted EBITDA ⁽¹⁾	\$ 9,620	\$ 8,045	\$ 28,186	\$ 24,007

⁽¹⁾ Non-IFRS measure. See "Non-IFRS and Operational Key Performance Indicators".

Interest Coverage Ratio

The Interest Coverage Ratio is useful in determining the REIT's ability to service the interest requirements of its outstanding debt. The Interest Coverage Ratio is calculated by dividing Adjusted EBITDA by the REIT's interest obligations for the period. Management utilizes this ratio to measure and limit the REIT's leverage.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a calculation of the Interest Coverage Ratio for the three and nine month periods ended September 30, 2020 and 2019:

<i>(CAD \$ thousands)</i>	3 Months Ended September 30 2020	3 Months Ended September 30 2019	9 Months Ended September 30 2020	9 Months Ended September 30 2019
Adjusted EBITDA ⁽¹⁾	\$ 9,620	\$ 8,045	\$ 28,186	\$ 24,007
Interest expense	\$ 3,488	\$ 2,896	\$ 10,630	\$ 9,056
Interest Coverage Ratio ⁽¹⁾	2.8x	2.8x	2.7x	2.7x

⁽¹⁾ Non-IFRS measure. See "Non-IFRS and Operational Key Performance Indicators".

Debt Service Coverage Ratio

The Debt Service Coverage Ratio is determined as Adjusted EBITDA divided by the debt service requirements for the period, whereby the debt service requirements reflects principal repayments and interest expensed during the period. Payments related to prepayment penalties or payments upon discharge of a mortgage are excluded from the calculation. The Debt Service Coverage Ratio is a useful measure and is used by the REIT's management to monitor the REIT's ability to meet annual interest and principal payments.

The following is a calculation of the Debt Service Coverage Ratio for the three and nine month periods ended September 30, 2020 and 2019:

<i>(CAD \$ thousands)</i>	3 Months Ended September 30 2020	3 Months Ended September 30 2019	9 Months Ended September 30 2020	9 Months Ended September 30 2019
Adjusted EBITDA ⁽¹⁾	\$ 9,620	\$ 8,045	\$ 28,186	\$ 24,007
Interest expense	3,488	2,896	10,630	9,056
Principal repayments	2,386	1,833	7,064	5,492
Debt Service Requirements	\$ 5,874	\$ 4,729	\$ 17,694	\$ 14,548
Debt Service Coverage Ratio ⁽¹⁾	1.6x	1.7x	1.6x	1.7x

⁽¹⁾ Non-IFRS measure. See "Non-IFRS and Operational Key Performance Indicators".

MANAGEMENT'S DISCUSSION AND ANALYSIS

DISTRIBUTIONS AND ADJUSTED FUNDS FROM OPERATIONS

<i>(CAD \$ thousands except unit, per unit amounts and unless otherwise stated)</i>	3 Months Ended September 30 2020	3 Months Ended September 30 2019	9 Months Ended September 30 2020	9 Months Ended September 30 2019
Net income (loss) and comprehensive income (loss) for the period	\$ (709)	\$ 6,910	\$ 14,659	\$ 13,657
Add:				
Long-term incentive plan	373	100	(2,486)	990
Distributions - Class B LP Units	173	407	757	1,255
Fair value adjustment - investment properties	5,012	(3,255)	10,271	(9,983)
Fair value adjustment - Class B LP Units	585	155	(7,361)	4,081
Amortization of intangible assets	93	93	279	279
FFO ⁽¹⁾	\$ 5,527	\$ 4,410	\$ 16,119	\$ 10,279
Deduct:				
Straight-line rent adjustment	\$ (218)	\$ (86)	\$ (604)	\$ (468)
Maintenance capital expenditures	(132)	-	(149)	-
Stabilized leasing costs	(96)	(66)	(193)	(198)
Add:				
Long-term incentive plan	416	562	959	1,339
Amortization of financing costs	366	250	938	719
Transaction costs	-	-	-	3,076
AFFO ⁽¹⁾	\$ 5,863	\$ 5,070	\$ 17,070	\$ 14,747
Basic FFO per unit ⁽¹⁾⁽²⁾	\$ 0.1381	\$ 0.1234	\$ 0.4031	\$ 0.3126
Diluted FFO per unit ⁽¹⁾⁽²⁾	\$ 0.1349	\$ 0.1205	\$ 0.3943	\$ 0.3050
Basic AFFO per unit ⁽¹⁾⁽²⁾	\$ 0.1465	\$ 0.1419	\$ 0.4269	\$ 0.4485
Diluted AFFO per unit ⁽¹⁾⁽²⁾	\$ 0.1431	\$ 0.1386	\$ 0.4176	\$ 0.4376
Distributions declared per Unit and Class B LP unit	\$ 0.1125	\$ 0.1575	\$ 0.3825	\$ 0.4725
AFFO Payout Ratio – Basic ⁽¹⁾	76.8%	111.0%	89.6%	105.4%
AFFO Payout Ratio – Diluted ⁽¹⁾	78.6%	113.6%	91.6%	108.0%
Basic weighted average number of units ⁽²⁾⁽³⁾	40,023,023	35,735,237	39,990,366	32,877,122
Diluted weighted average number of units ⁽²⁾⁽³⁾	40,969,595	36,582,987	40,875,012	33,700,827

⁽¹⁾ Non-IFRS measure. See "Non-IFRS and Operational Key Performance Indicators".

⁽²⁾ FFO and AFFO per unit is calculated as FFO or AFFO, as the case may be, divided by the total of the weighted number of basic or diluted units, added to the weighted average number of Class B LP Units outstanding during the period.

⁽³⁾ Total basic units consist of Units and Class B LP Units. Total diluted units also includes deferred trust units and restricted trust units issued under the REIT's long-term incentive plan.

The increase in FFO of \$1,117 and \$5,840 for the three and nine month periods ended September 30, 2020, compared to the same periods in 2019, is directly related to the acquisition of 7 investment properties in September 2019 and the 2 investment properties acquired in the twelve month period ended September 30, 2020, offset by non-recurring transaction costs of \$Nil and \$3,076 in the three and nine month periods ended September 30, 2019.

The increase in AFFO of \$793 and \$2,323 for the three and nine month periods ended September 30, 2020, compared to the same periods in 2019 is directly related to the acquisition of 7 investment properties in September 2019 and the 2 investment properties acquired in the twelve month period ended September 30, 2020. Basic AFFO per Unit were \$0.1465 and \$0.4269 respectively for the three and nine month periods ended September 30, 2020 with a corresponding basic Payout AFFO Ratio of 76.8% and 89.6%. The principal reason for the improvement of the Payout Ratio compared to the same periods in 2019 is due to the revision of the REIT's monthly distributions to \$0.0375 per Unit from \$0.0525 commencing April 2020. This revision will allow for a reduction of the REIT's debt and for flexibility in allocating capital to the benefit of the unitholders (see "Summary of Significant Events" section).

MANAGEMENT'S DISCUSSION AND ANALYSIS

Distributions

The Board has full discretion with respect to the timing and extent of distributions, including the adoption, amendment or revocation of any distribution policy. In determining the amount of monthly cash distributions paid to unitholders, the Board applies discretionary judgment to forward-looking cash flow information, including forecasts and budgets. Management considers AFFO to be a meaningful measure of cash flow performance because it more clearly measures normalized and stabilized cash flow, as opposed to cash flow from operating activities calculated in accordance with IFRS, which reflects seasonal fluctuations in working capital and other items. The excess of AFFO over cash distributions represents a measure of operating cash flow retained in the business.

It is the REIT's intention to make distributions to unitholders at least equal to the amount of net income and net realized capital gains of the REIT as is necessary to ensure that the REIT will not be liable for current income taxes.

The REIT has implemented a distribution reinvestment plan ("DRIP") pursuant to which holders of Units or Class B LP Units may elect to have their cash distributions of the REIT or PRLP automatically reinvested in additional Units at a 3% discount to the weighted average price of the Units for the last five trading days preceding the applicable distribution payment date. In response to the current stock market volatility caused by the COVID-19 pandemic, the REIT has suspended its DRIP effective April 22, 2020. The DRIP will remain suspended until further notice and distributions of the REIT will be paid only in cash. Upon reinstatement of the DRIP, plan participants enrolled in the DRIP at the time of its suspension and who remain enrolled at the time of its reinstatement will automatically resume participation in the DRIP (see "Summary of Significant Events" section).

The distributions declared during the three and nine month periods ended September 30, 2020 resulted in Nil and 153,000 Units being issued or issuable under the DRIP respectively.

Distributions of \$0.1125 and \$0.3825 per Unit and Class B LP Unit were declared during the three and nine month periods ended September 30, 2020. Distributions of \$0.1575 and \$0.4725 per Unit and Class B LP Unit were declared during the three and nine month periods ended September 30, 2019. Distributions were paid on or about the 15th day of the month following the declaration.

The following reconciles AFFO to cash flows from operating activities reported in the condensed consolidated interim financial statements:

<i>(CAD \$ thousands)</i>	3 Months Ended September 30 2020	3 Months Ended September 30 2019	9 Months Ended September 30 2020	9 Months Ended September 30 2019
Cash flow provided from operating activities	\$ 8,936	\$ 5,339	\$ 13,137	\$ 9,498
Add (deduct):				
Changes in non-cash working capital	(2,952)	(545)	3,725	1,253
Distributions – Class B LP Units	173	407	757	1,255
Maintenance capital expenditures	(132)	-	(149)	-
Stabilized leasing costs	(96)	(66)	(193)	(198)
Depreciation of property and equipment	(66)	(65)	(207)	(137)
Transaction costs	-	-	-	3,076
Adjusted Funds From Operations (AFFO) ⁽¹⁾	\$ 5,863	\$ 5,070	\$ 17,070	\$ 14,747

⁽¹⁾ Non-IFRS measure. See "Non-IFRS and Operational Key Performance Indicators".

The table below compares AFFO to total distributions paid or payable on Units and Class B LP Units:

<i>(CAD \$ thousands)</i>	3 Months Ended September 30 2020	3 Months Ended September 30 2019	9 Months Ended September 30 2020	9 Months Ended September 30 2019
Adjusted Funds From Operations (AFFO) ⁽¹⁾	\$ 5,863	\$ 5,070	\$ 17,070	\$ 14,747
Total distributions paid or payable – Units and Class B LP Units	4,503	5,833	15,297	15,735
Excess (shortfall) of AFFO over distributions paid or payable	\$ 1,360	\$ (763)	\$ 1,773	\$ (988)

⁽¹⁾ Non-IFRS measure. See "Non-IFRS and Operational Key Performance Indicators".

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine month periods ended September 30, 2020, the REIT had sufficient AFFO to cover the distributions paid or payable in cash and in DRIP units. For the three and nine month periods ended September 30, 2019, the REIT's distribution paid or payable in cash and in DRIP units exceeded the AFFO generated during the respective periods. The REIT financed the shortfall for the three and nine month periods ended September 30, 2019 using cash on hand and/or using the REIT's revolving credit facility of \$45,000 which bears interest at prime plus 125.0 basis points or bankers' acceptance rate plus 225.0 basis points. The distribution paid or payable - Units and Class B LP Units includes approximately \$Nil and \$869 of Units reinvested under the DRIP for the three and nine month periods ended September 30, 2020 (\$528 and \$1,582 respectively for the three and nine month periods ended September 30, 2019).

The following reconciles ACFO to cash flows from operating activities reported in the condensed consolidated interim financial statements:

<i>(CAD \$ thousands)</i>	3 Months Ended September 30 2020	3 Months Ended September 30 2019	9 Months Ended September 30 2020	9 Months Ended September 30 2019
Cash flow provided from operating activities	\$ 8,936	\$ 5,339	\$ 13,137	\$ 9,498
Add (deduct):				
Change in non-cash working capital balances not indicative of sustainable cash flows ⁽¹⁾	(2,008)	(908)	3,452	2,353
Maintenance capital expenditures	(132)	-	(149)	-
Stabilized leasing costs	(96)	(66)	(193)	(198)
Amortization of deferred financing costs	(366)	(250)	(938)	(719)
Adjusted Cashflow from Operations (ACFO) ⁽²⁾	\$ 6,334	\$ 4,115	\$ 15,309	\$ 10,934

⁽¹⁾ Change in non-cash working capital balances not indicative of sustainable cash flows adjustments primarily includes adjustments for prepaid taxes and insurance as their levels vary considerably over the course of the year as well as certain other adjustments as specified in the most recent Realpac White Paper on ACFO issued February 2019. Comparative periods have been updated to reflect these adjustments.

⁽²⁾ Non-IFRS measure. See "Non-IFRS and Operational Key Performance Indicators".

The following table represents a breakdown of adjustments for working capital changes used in the calculation of ACFO in the table above. These are working capital changes that, in management's view and based on the Realpac White Paper on ACFO issued February 2019, are not indicative of sustainable cash flows available for distributions:

<i>(CAD \$ thousands)</i>	3 Months Ended September 30 2020	3 Months Ended September 30 2019	9 Months Ended September 30 2020	9 Months Ended September 30 2019
Working capital changes related to:				
Property taxes and insurance	\$ (1,487)	\$ (500)	\$ 2,093	\$ 2,448
Other ⁽¹⁾	(521)	(408)	1,359	(95)
Change in non-cash working capital balances not indicative of sustainable cash flows from ACFO	\$ (2,008)	\$ (908)	\$ 3,452	\$ 2,353

⁽¹⁾ Includes working capital adjustments related to transaction cost accruals related to acquisitions of investment properties.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The table below compares ACFO to distributions paid or payable on Units:

<i>(CAD \$ thousands)</i>	3 Months Ended September 30 2020	3 Months Ended September 30 2019	9 Months Ended September 30 2020	9 Months Ended September 30 2019
Adjusted Cashflow from Operations (ACFO) ⁽¹⁾	\$ 6,334	\$ 4,115	\$ 15,309	\$ 10,934
Total distributions paid or payable – Units ⁽²⁾	4,330	5,426	14,540	14,480
Excess (shortfall) of ACFO over distributions paid or payable	\$ 2,004	\$ (1,311)	\$ 769	\$ (3,546)

⁽¹⁾ Non-IFRS measure. See “Non-IFRS and Operational Key Performance Indicators”.

⁽²⁾ This excludes distributions paid or payable on Class B LP Units given the ACFO has been reduced by this amount.

For the three and nine month periods ended September 30, 2020, the excess of ACFO over total distribution paid or payable is driven by the revision of the REIT's monthly distributions to \$0.0375 per Unit from \$0.0525 commencing April 2020. The shortfall of ACFO over total distributions paid or payable for the three and nine month periods ended September 30, 2019 is mainly due to non-recurring transaction costs. The REIT financed the shortfall for the three and nine month periods ended September 30, 2019 using cash on hand and/or planned normal course property refinancing and/or using the REIT's revolving credit facility of \$45,000 which bears interest at prime plus 125.0 basis points or bankers' acceptance rate plus 225.0 basis. The distribution paid or payable - Units includes approximately \$Nil and \$869 of Units reinvested under the DRIP for the three and nine month periods ended September 30, 2020 (\$528 and \$1,582 respectively for the three and nine month periods ended September 30, 2019).

The following table compares cash flows provided from operations to total distributions paid or payable:

<i>(CAD \$ thousands)</i>	3 Months Ended September 30 2020	3 Months Ended September 30 2019	9 Months Ended September 30 2020	9 Months Ended September 30 2019
Cash flow provided from operating activities	\$ 8,936	\$ 5,339	\$ 13,137	\$ 9,498
Net income (loss) and comprehensive income (loss)	\$ (709)	\$ 6,910	\$ 14,659	\$ 13,657
Total distributions paid or payable – Units ⁽¹⁾	\$ 4,330	\$ 5,426	\$ 14,540	\$ 14,480
Excess (shortfall) of cash flow from operating activities over distributions paid or payable	\$ 4,606	\$ (87)	\$ (1,403)	\$ (4,982)
Excess (shortfall) of net income (loss) and comprehensive income (loss) over distributions paid or payable	\$ (5,039)	\$ 1,484	\$ 119	\$ (823)

⁽¹⁾ This excludes distributions paid or payable on Class B LP Units given cash flows from operating activities and net income and comprehensive income have been reduced by this amount.

For the nine month period ended September 30, 2020 and for the three and nine month periods ended September 30, 2019, the REIT's distribution paid or payable in cash and in DRIP units exceeded the cash flow provided from (used in) operating activities. This represents a return of capital, rather than a return on capital, since they represent cash payments in excess of cash generated by the REIT's continuing operations during the respective periods. The shortfall of cash flow from operating activities over total distributions is mainly due to the seasonal fluctuations in non-cash working capital, distribution on Class B LP Units that are recorded as a reduction of net income (loss) and comprehensive income (loss), the impact of maintenance capital expenditures and stabilized leasing costs which change with lease maturities and lease renewals and nonrecurring items. The REIT financed the shortfall using cash on hand and/or using the REIT's revolving credit facility of \$45,000 which bears interest at prime plus 125.0 basis points or bankers' acceptance rate plus 225.0 basis points and/or planned normal course property refinancings. The REIT has elected to provide distributions partly representing a return of capital in order to maintain the stability of current distribution levels.

The shortfall or excess of distributions paid or payable – Units over net income (loss) and comprehensive net income (loss) for the three and nine month periods ended September 30, 2020 and 2019 is primarily due to non-cash items. Non-cash items relating to the long-term incentive plan expense, depreciation of property and equipment, amortization of intangible assets and fair value adjustments to Class B LP Units and investment properties are deducted from or added to net income (loss) and comprehensive income (loss) and have no impact on cash available to pay current distributions.

ISSUED AND OUTSTANDING SECURITIES AND NORMAL COURSE ISSUER BID

The REIT is authorized to issue an unlimited number of Units and an unlimited number of Special Voting Units.

Units

Each Unit confers the right to one vote at any meeting of unitholders and to participate pro rata in all distributions by the REIT and, in the event of termination or winding-up of the REIT, in the net assets of the REIT. The unitholders have the right to require the REIT to redeem their Units on demand in accordance with the Declaration of Trust. The Units have no par value. Upon receipt of the redemption notice by the REIT, all rights to and under the Units tendered for redemption shall cease and the holder thereof shall be entitled to receive a price per Unit ("Redemption Price"), as determined by a formula outlined in the Declaration of Trust. The Redemption Price will be paid in accordance with the conditions provided for in the Declaration of Trust.

Total Units outstanding as of November 10, 2020 were 38,484,562.

Class B LP Units and Special Voting Units

Special Voting Units have no economic entitlement in the REIT, but entitle the holder to one vote per Special Voting Unit at any meeting of the unitholders of the REIT. Special Voting Units may only be issued in connection with or in relation to Class B LP Units, for the purpose of providing voting rights with respect to the REIT to the holders of Class B LP Units. A Special Voting Unit will be issued in tandem with each Class B LP Unit issued.

The Class B LP Units are issued by PRLP and holders of Class B LP Units are entitled to receive distributions equal to those provided to holders of Units. The Class B LP Units are indirectly exchangeable on a one-for-one basis for Units at any time at the option of their holder, unless the exchange would jeopardize the REIT's status as a "mutual fund trust" under the Income Tax Act. The Class B LP Units are presented as a financial liability in the statement of financial position.

Total Class B LP Units outstanding as of November 10, 2020 were 1,538,461.

Deferred Units and Restricted Units

The REIT has a long term incentive plan pursuant to which it may grant deferred units or restricted units to its trustees and senior officers and certain of its employees and consultants. Units are issued to participants in the plan upon vesting of the deferred units or restricted units, unless deferred in accordance with the terms of the plan.

Total deferred units and restricted units outstanding as of November 10, 2020 were 1,031,411 and 253,021.

Normal Course Issuer Bid

Pursuant to a notice accepted by the TSX, the REIT may, during the period commencing September 24, 2020 and ending September 23, 2021, purchase for cancellation, through the facilities of the TSX and at the market price of the REIT's Units at the time of purchase, up to 1,924,228 representing 5% of the REIT's issued and outstanding Units at the beginning of the normal course issuer bid. The actual number of Units that may be purchased and the timing of any such purchases will be determined by the REIT, and will be made in accordance with the requirements of the TSX. The REIT is making the normal course issuer bid because it believes that the market price of the Units does not always reflect their underlying value, and that purchasing Units for cancellation may from time to time be an appropriate use of available resources and in the best interests of the REIT. Unitholders can obtain a copy of the notice filed with TSX, without charge, by contacting the REIT at 514-933-9552. The REIT repurchased and cancelled Nil and 14,000 Units during the three and nine month periods ended September 30, 2020 for \$Nil and \$41.

FINANCIAL INSTRUMENTS

The REIT does not acquire, hold or issue derivative financial instruments for trading purposes. The following table presents the classification, measurement subsequent to initial recognition, carrying values and fair values (where applicable) of financial assets and liabilities.

Classification	Measurement	Carrying Value September 30 2020	Fair Value September 30 2020
Loans and Receivables			
Cash (a)	Amortized cost	\$ 3,352	\$ 3,352
Receivables and other excluding prepaid expenses, deposits, deferred acquisition costs and other receivables (a)	Amortized cost	3,107	3,107
		\$ 6,459	\$ 6,459
Financial Liabilities Through Profit and Loss			
Class B LP Units	Fair value (L2)	\$ 7,214	\$ 7,214
Long-term incentive plan	Fair value (L2)	4,987	4,987
		\$ 12,201	\$ 12,201
Other Financial Liabilities			
Accounts payable and other liabilities (a)	Amortized cost	\$ 9,335	\$ 9,335
Credit facility (a)	Amortized cost	34,789	34,789
Distributions payable (a)	Amortized cost	1,501	1,501
Debt (b)	Amortized cost	335,286	335,286
		\$ 380,911	\$ 380,911

- (a) Short-term financial instruments, comprising cash, accounts receivable, accounts payable and other liabilities, credit facility and distributions payable are carried at amortized cost which, due to their short-term nature, approximates their fair value.
- (b) Long-term financial instruments consist of debt. The fair value of debt is based upon discounted future cash flows using discount rates, adjusted for the REIT's own credit risk, that reflect current market conditions for instruments with similar terms and risks. Such fair value estimates are not necessarily indicative of the amounts the REIT might pay or receive in actual market transactions.

The fair value of the Class B LP Units and long-term incentive plan are estimated based on the market trading prices of the Units (Level 2).

Off Balance Sheet Arrangements

The REIT had no off balance sheet arrangements during the three and nine month periods ended September 30, 2020.

PART V

CONTROLS AND PROCEDURES

Management is responsible for establishing and maintaining a system of disclosure controls and procedures to provide reasonable assurance that all material information relating to the REIT is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure.

Management is also responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reports for external purposes in accordance with IFRS.

In designing such controls, it should be recognized that due to inherent limitations, any controls, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and may not prevent or detect misstatements. Additionally, management is required to use judgment in evaluating controls and procedures.

Details related to disclosure controls and procedures, and internal control over financial reporting, are disclosed in the 2019 Annual MD&A under "Part V – Controls and Procedures".

Changes in Internal Control over Financial Reporting

There were no changes in the REIT's internal controls over financial reporting in the first nine months of 2020 that materially affected or are reasonably likely

to materially affect the REIT's internal control over financial reporting.

RISKS AND UNCERTAINTIES

Certain factors may have a material adverse effect on the REIT's business, financial condition and results of operations. Current and prospective investors should carefully consider the risks and uncertainties and other information contained in this MD&A, the Q3 2020 Financial Statements and the 2019 Annual Reports, particularly under the heading "Risk Factors" in the 2019 Annual Information Form, and in other filings that the REIT has made and may make in the future with applicable securities authorities, including those available under the REIT's profile on SEDAR at www.sedar.com. The risks and uncertainties described herein and therein are not the only ones the REIT may face. Additional risks and uncertainties that the REIT is unaware of, or that the REIT currently believes are not material, may also become important factors that could adversely affect the REIT's business, financial condition and results of operations. If any of such risks actually occur, the REIT's business, financial condition, results of operations, and future prospects could be materially and adversely affected. In that event, the trading price of the Units (or the value of any other securities of the REIT) could decline, and the REIT's securityholders could lose part or all of their investment.

COVID-19 Risk

The recent outbreak of coronavirus COVID-19 has resulted in governments worldwide enacting emergency measures to contain the spread of the virus. COVID-19 may lead to voluntary or mandatory building closures, business closures, government restriction on travel and gatherings, quarantines, self isolation and physical distancing. The impact of these measures may lead to a general shutdown of economic activity and disrupt workforce and business operations. COVID-19 could have a material adverse effect on debt and capital markets, the demand for real estate and the ability for tenants to pay. Provincial governments are encouraging landlords to enter into rent deferral arrangements with users whose businesses are required to close or are otherwise impaired. There can be no assurance that deferred rents will be collected in accordance with deferral arrangements or at all. Any inability to collect rents in a timely manner or at all could adversely affect the REIT's business and financial results.

The COVID-19 pandemic has created significant uncertainty in the general economy including the real estate market. Such a pandemic could, if prolonged, adversely impact the REIT's business directly and/or indirectly. Management continues to assess the impact of COVID-19 and governments' responses to it on the REIT. Portions of the REIT's financial results incorporate estimates from management that are subject to increased uncertainty due to the market disruptions caused by the COVID-19 pandemic. Areas of increased estimation uncertainty in the REIT's condensed consolidated interim financial statements include the fair value of its investment properties and the recoverability of amounts receivable.

The amounts recorded in the Q3 2020 Financial Statements are based on the latest reliable information available to management at the time the condensed consolidated interim financial statements were prepared where that information reflects conditions at the date of the condensed consolidated interim financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

The REIT continues to assess the effect of economic conditions on the creditworthiness of its tenants. As part of this assessment, the REIT reviews the risk profiles of its tenant base to assess which tenants are likely to continue meeting their obligations under their leases and which tenants are at a greater risk of default. The REIT expects that certain tenants may require financial assistance and continues to work with them while monitoring the various government assistance programs as more information becomes available.

CRITICAL ACCOUNTING ESTIMATES

In the process of applying the REIT's accounting policies, management has made the following estimates and assumptions which have the most significant effect on the amounts recognized in the financial statements:

- (i) Valuation of investment properties – Investment properties are presented at fair value at the reporting date. Currently, any change in fair value is determined by management and by independent real estate valuation experts using recognized valuation techniques. The techniques used by management and by independent real estate valuation experts comprise of the discounted cash flow and direct capitalization methods of valuation and includes estimating, among other things, capitalization rates and future net operating income and discount rates and future cash flows applicable to investment properties, respectively.
- (ii) Fair value of financial instruments – Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. Inputs to these models are taken from observable markets where possible, but where this is not feasible a degree of judgment is required establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported value of financial instruments.

FUTURE CHANGES IN ACCOUNTING POLICIES

The future changes in accounting policies and future applicable accounting standards are discussed in the REIT's condensed consolidated interim financial statements for the nine month period ended September 30, 2020 and the notes contained therein.

RELATED PARTY TRANSACTIONS

Until April 1, 2019, the REIT engaged the Manager to perform certain services as outlined under the Management Agreement. The Manager is controlled by the President and Chief Executive Officer of the REIT, James W. Beckerleg, and the Executive Vice President, Chief Financial Officer and Secretary of the REIT, Gordon G. Lawlor.

On April 1, 2019 the REIT internalized its asset management function in accordance with the terms of the Management Agreement. The internalization resulted in the elimination of the asset management and acquisition fees payable to the Manager. The REIT's executive officers, James W. Beckerleg and Gordon G. Lawlor, are employed directly by the REIT since April 1, 2019. In accordance with the terms of the Management Agreement, the Manager was entitled to a termination payment equal to one time the management fees and expenses paid to it in the most recent fiscal year prior to the internalization in the approximate amount of \$2,300.

In connection with the services provided by the Manager under the Management Agreement, which was terminated effective April 1, 2019, the following amounts were payable to the Manager, in cash:

- (a) an annual advisory fee payable quarterly, equal to 0.25% of the Adjusted Cost Base of REIT's assets, prorated to take into account any acquisitions or dispositions during any monthly period, where "Adjusted Cost Base" means the book value of the assets of the REIT, as shown on its most recent condensed consolidated interim statement of financial position, plus the amount of accumulated depreciation and amortization shown thereon, less cash raised by REIT in equity issues which is not yet invested in properties or other assets.

For the three and nine month periods ended September 30, 2020, the costs of these services amounted to \$Nil (\$Nil and \$272 for the three and nine month periods ended September 30, 2019 respectively).

- (b) an acquisition fee equal to (i) 1.00% of the purchase price paid by the REIT for the purchase of a property, on the first \$100,000 of properties acquired in each fiscal year; (ii) 0.75% of the purchase price paid by the REIT for the purchase price of a property on the next \$100,000 of properties acquired in each fiscal year, and (iii) 0.50% of the purchase price paid by the REIT for the purchase of a property, on properties in excess of \$200,000 acquired in each fiscal year.

For the three and nine month periods ended September 30, 2020, the costs of these services amounted to \$Nil (\$Nil for the three and nine month periods ended September 30, 2019 respectively).

- (c) a property management fee equal to the then applicable market rate for property management services when such services are not otherwise delegated or subcontracted to third parties.

For the three and nine month periods ended September 30, 2020, the costs of these services amounted to \$Nil (\$Nil for the three and nine month periods ended September 30, 2019 respectively).

On September 30, 2014, the REIT entered into a strategic investment agreement (the "Strategic Investment Agreement") with Lotus Crux. Pursuant to the Strategic Investment Agreement, Lotus Crux will receive a fee of 0.875% of the purchase cost from the REIT on acquisitions of certain properties owned by Lotus Crux or related parties. Lotus Crux Acquisition is controlled by a general partner controlled by two trustees of the REIT, Peter Aghar and Shenoor Jadavji, who also have an interest in Lotus Crux and the REIT.

Pursuant to the Strategic Investment Agreement, the REIT advanced \$1,500 as a secured loan to two related parties to Lotus Crux as part of the financing for the acquisition by such parties of a 74,000 square feet multitenant commercial building well located in Greater Ottawa. The loan is on market terms as negotiated between parties acting at arm's length, bears interest at 9% per annum and matures November 2020. In accordance with the terms of the Strategic Investment Agreement, and as a result of the loan, the REIT has been granted an option to purchase the property.

MANAGEMENT'S DISCUSSION AND ANALYSIS

SUMMARY OF QUARTERLY RESULTS

	3 Months Ended Sept 30 2020	3 Months Ended June 30 2020	3 Months Ended Mar 31 2020	3 Months Ended Dec 31 2019	3 Months Ended Sept 30 2019	3 Months Ended June 30 2019	3 Months Ended Mar 31 2019	3 Months Ended Dec 31 2018
<i>(CAD \$ thousands except unit, per unit amounts and unless otherwise stated)</i>								
Property revenue	\$ 17,302	\$ 17,212	\$ 17,707	\$ 17,315	\$ 13,241	\$ 13,561	\$ 13,510	\$ 12,207
Property operating expenses	6,903	7,439	7,352	7,265	4,716	5,113	5,052	4,546
Net operating income (NOI) ⁽¹⁾	10,399	9,773	10,355	10,050	8,525	8,448	8,458	7,661
General and administrative expenses	854	893	683	598	623	574	523	513
Long-term incentive plan expense	789	942	(3,258)	714	662	395	1,272	(305)
Depreciation of property and equipment	66	67	74	60	65	54	18	19
Interest and financing costs	3,829	3,787	3,889	3,847	3,094	3,325	3,225	2,922
Distributions - Class B LP Units	173	186	398	407	407	419	429	452
Fair value adjustment - Class B LP Units	585	1,442	(9,388)	466	155	571	3,355	(3,100)
Fair value adjustment - investment properties	5,012	5,301	(42)	2,554	(3,255)	(6,777)	49	588
Transaction costs	-	-	-	131	-	3,045	31	-
Other income	(562)	(490)	(509)	(425)	(599)	(819)	(526)	(646)
Other expenses	269	322	278	287	370	491	319	557
Amortization of intangible assets	93	93	93	93	93	93	93	185
Net income (loss) and comprehensive income (loss)	\$ (709)	\$ (2,770)	\$ 18,137	\$ 1,318	\$ 6,910	\$ 7,077	\$ (330)	\$ 6,476
Debt to Gross Book Value ⁽¹⁾	58.72%	58.71%	58.06%	57.52%	56.72%	58.26%	58.58%	58.63%
FFO ⁽¹⁾	\$ 5,527	\$ 4,835	\$ 5,756	\$ 5,017	\$ 4,410	\$ 1,509	\$ 4,360	\$ 3,921
AFFO ⁽¹⁾	\$ 5,863	\$ 5,217	\$ 5,989	\$ 5,676	\$ 5,070	\$ 4,848	\$ 4,829	\$ 4,234
Basic FFO per unit ⁽¹⁾⁽²⁾	\$ 0.1381	\$ 0.1208	\$ 0.1442	\$ 0.1259	\$ 0.1234	\$ 0.0480	\$ 0.1389	\$ 0.1251
Diluted FFO per unit ⁽¹⁾⁽²⁾⁽³⁾	\$ 0.1349	\$ 0.1180	\$ 0.1415	\$ 0.1233	\$ 0.1205	\$ 0.0467	\$ 0.1359	\$ 0.1230
Basic AFFO per unit ⁽¹⁾⁽²⁾	\$ 0.1465	\$ 0.1304	\$ 0.1500	\$ 0.1425	\$ 0.1419	\$ 0.1541	\$ 0.1539	\$ 0.1350
Diluted AFFO per unit ⁽¹⁾⁽²⁾⁽³⁾	\$ 0.1431	\$ 0.1274	\$ 0.1473	\$ 0.1395	\$ 0.1386	\$ 0.1501	\$ 0.1506	\$ 0.1326
AFFO Payout Ratio – Basic ⁽¹⁾	76.8%	86.3%	105.0%	110.6%	111.0%	102.2%	102.3%	116.7%
AFFO Payout Ratio – Diluted ⁽¹⁾	78.6%	88.3%	106.9%	112.9%	113.6%	104.9%	104.6%	118.8%
Number of commercial properties	92	93	93	92	91	84	84	84
GLA (square feet)	4,571,311	4,580,932	4,580,932	4,445,498	4,396,004	3,701,132	3,702,430	3,702,901
Occupancy rate	98.1%	98.1%	98.3%	98.4%	98.2%	97.9%	98.0%	98.2%
Weighted average lease term to maturity	5.2	5.4	5.5	5.6	5.6	5.7	5.8	6.1

⁽¹⁾ See "Non-IFRS and Operational Key Performance Indicators".

⁽²⁾ FFO and AFFO per unit is calculated as FFO or AFFO, as the case may be, divided by the total of the weighted number of basic or diluted Units, added to the weighted average number of Class B LP Units outstanding during the period

⁽³⁾ Total basic units consist of Units and Class B LP Units. Total diluted units also includes deferred trust units and restricted trust units issued under the REIT's long-term incentive plan.